

**CITY OF EASTPORT  
SPECIAL CITY COUNCIL MEETING**

**WEDNESDAY, JULY 16<sup>TH</sup>, 2014  
SHEAD HIGH SCHOOL - LIBRARY - 6:00 P.M.**

**I. CALL TO ORDER**

The Council President, Mary Repole, called the meeting to order at 6:00 p.m.

**Those in attendance and present were:** Councilor Roscoe Archer, Councilor Colleen Dana-Cummings, Councilor Scott Emery, Councilor Gilbert Murphy, and Council President, Mary Repole. Also in attendance was City Manager, Larry Post; Assistant City Manager, Elaine Abbott; Legal Counsel, Dennis Mahar; and City Clerk, Ella Kowal.

**II. PUBLIC HEARING**

**PUBLIC HEARING  
“FY2015” BUDGET**

**WEDNESDAY, JULY 16<sup>TH</sup>, 2014  
SHEAD HIGH SCHOOL - LIBRARY - 6:00 P.M.**

The hearing was called to order at 6:01 p.m.

**Those present:** Councilor Roscoe Archer, Councilor Colleen Dana-Cummings, Councilor Scott Emery, Councilor Gilbert Murphy, and Council President, Mary Repole.. Also in attendance was City Manager, Larry Post; Assistant City Manager, Elaine Abbott; and City Clerk, Ella Kowal.

**Those Present in the Audience:** Jon McNerney, Elaine Abbott, Bob DeWitt, Chrissy Greenlaw, Jackie Davis, Laney Hall, Rita Norton, Robert Scott, Jack Reece, Walter Cummings, Rick Farris, Paul Theriault, Lora Whelan, Meg McGarvey, Diane Muessig, Jeff Sullivan, Polly Sullivan, Richard Clark, and Dean Pike.

Council President, Mary Repole, declares the public hearing open and further comments to say that the purpose of the hearing is to receive input and give consideration to the City's FY2015 Budget. She continues on by emphasizing that this matter is of strong opinion for everyone and will be allowing limited time to speak to the residents, taxpayers, and the employees of Eastport. She further asks that everyone consider those who are speaking and be respectful. She also asks that there be no sidebars. She then turns to the City Manager and ask that he given an overview of the budget.

The City Manager goes over the numbers that the Council has before them. He makes reference that the administration budget is down by a \$1,000.00. Public Works is above by \$10,000 due to work that has been much needed to done in addition to the cost of fuel. The Police Department is down by \$2,000. The Fire Department is down \$500. The Cemetery Department is down by \$5,000. The Airport has been moved out of the General Fund and \$15,000 is being raised as opposed to the \$45,000. A contingency fund of \$7,500 has been added for any unpredicted items. He continues to say that the total of the Municipal Operations portion of the budget went from \$1,076,000 down to a \$1,053,000, reflecting a reduction. He then covers Municipal Programs and references that Capital Reserve stays the same at \$40,000. The insurance went up slightly. The Ambulance went up 3%. Hydrant Rentals stayed the same. Solid Waste has increased approximately \$5,000. Street Lights were increased by a \$1,000. The Economic Development, the Mill, and the A&P building has gone from \$59,600 down to \$33,400 and explains that this is due to the rentals of the building and them taking over some of the costs. Recreation was decreased from \$5,000 to \$4,000. General Assistance went from a \$1,000 to \$3,000 with 50% of this being reimbursed back to us as long as we remain in compliance. The Library and the Senior Citizens came in with a recommendation from the Budget Committee of \$17,500 and it went from \$15,000. He will be asking to increase the Library a little bit more. He recaps to say that the Municipal Programs is down from \$704,184 to \$698,334. He continues on to say that the Municipal Debt is down considerably as a loan payment that we had for the A&P building was paid off. He further comments to say that the Municipal side of the budget was \$94,499 less than last year as far as expenditures go. Education is up this year from \$2,350,497 to \$2,511,705, an increase of \$161,208. The County Tax is up from \$196,166 to \$201,595, an increase of \$5,429. That being said, the total expenditures is up from \$4,559,263 to \$4,631,401; which reflects an increase of \$72,138. He continues with the review of the Revenues and comments to say that the Revenues on the Municipal side are down from last for a number of reasons with the most prominent one being that the State Revenues are down due to cuts there. Municipal Programs has gone from \$95,000 to \$86,400. Revenue Sharing has gone from \$125,000 down to \$95,000. With the Homestead Reimbursement coming in at \$52,000. Education was \$1,056,401 and now at \$1,138,689. He recaps that last years total Revenue was \$1,743,751 and is now \$1,742,264. He continues forward with reviewing that the Total Expenses last year were \$4,559,263 and are now being proposed at \$4,631,401; the Total Revenue last year was \$1,743,751 and is now at \$1,742,264; and the From Property Tax going from \$2,815,512 last year to \$2,889,137. He further comments to say the Municipal Budget is \$95,000 less.

Council President calls for questions or comments from the public and the City Council and they were as follows:

Councilor Dana-Cummings addresses the City Manager and asks what he believes we are looking at for an increase and what the mil rate would be for this budget. He responds that Robert has been working with the figures. The Assessor explains that it is not a firm number as he does have a firm number for the valuation of the town yet. This does not come about until the commitment is complete and then we draw forth all the increases and decreases from the last twelve months since the last tax commitment. He comments to say that an educated guess could be an increase of \$.50 cents to a \$1.00.

Jon McNerney of the audience addresses the Council and informs them that he has written an editorial but he still has issues with the pay increases. His first concern being the size of the increase and the long-term commitment and will cost the City a great deal of money. He makes note of the City's demographics and comments to say that he doesn't see anything to turning that around in the near future. Thus, he feels that the Council should look at these long-term commitments along side with the total dollar of the budget.

Rick Farris of the audience addresses the Council and comments to say that he has been a resident of Eastport all of his life and expresses concern that the City cannot continue to give pay increases to City employees at the rate that they are going and feels that most of them get paid more than the average taxpayers. He feels strongly that there needs to be a cutoff somewhere.

Steve Glatfelter of the audience addresses the Council as a taxpayer and comments to say that he is in agreement but has a few questions with regard to employee's salaries. He addresses a concern of the increase for the Sewer Clerk/Assistant City Manager and that it is reflective of a \$4,000 increase in one year of \$2.00 more an hour. His question is how the pay raises are set and by what standards. The City Manager responds to say that there are three different issues. The first being starting salary at the time of hire, the second being adjustments to salaries, and the third being an overall cost of living increase. He further comments to say the City's records reflect that there have been no pay increases for the last four years. He continues on to explain that although the girls in the office are cross trained to a certain degree to perform various tasks and to also assist with coverage whether it be on the front counter or to man the telephones; we have a Treasurer making \$16.32 an hour and a City Clerk also making \$16.32 an hour; and a Sewer Clerk/Deputy Clerk making \$14.00 an hour. That being said, he explains that even raising the Sewer Clerk's hourly wage to \$16.00 an hour; it still is the lowest paid person in the office; not to mention that she is doing the work of Assistant City Manager at no cost to the City and being subsidized by the person doing it. He is very clear that he cannot justify a person in the office doing similar work and making \$2.00/hour less, it is not right. He then notes that others in the office are reflective of a 2% raise in the budget that will bring them up to \$16.65. Bottom line is that if you choose not to give any increases, we save \$4,400 in Administration; we save \$297.00 in Public Works; we save \$2,300 in the Police Department; and we save \$4,000 in the Fire Department for a total of \$11,000 which is the also the total of salary increases.

Rick Farris of the audience asks why the City needs two different people doing Sewer bills. The City Manager responds that there are not two people completing the task of Sewer billing and expounds again that everyone in the office is cross trained to a certain degree of various tasks in the absence of another. He further explains that when Elaine Abbott took the full-time job that she has now, she took it from a part-time position and when she took the full-time position; they never filled the part-time position so the City is actually down a half a position from three years ago and a full position sometime

before that. The Public Works is down from four people to three. The Police Department is down from five people to four. Thus, staff reductions have been taking place and also makes note that manpower is being shared between the Public Works Department and the Sewer Department and is uncertain how long we can continue with this. Irrespective of all these cuts, we continue to provide excellent service to the citizens of Eastport.

Polly Sullivan from the audience addresses the Council with a question relative to the concerns of pay increases with them being long term and asks Council if they would consider bonuses.

Jon McNerney expresses again that it is his opinion that the City has too many people at City Hall, given the size of the community and the declining population. Council President, responds to say that it is *her* opinion she does not see how the City would cut another position at City Hall. Mr. McNerney further comments to say that it is one of the greatest challenges for an Administrator in a municipality for cost control. The City Manager responds to say that the City has cut the budget by \$95,000 from last year.

Paul Theriault, Principal of Shead High School and a member from the audience, addresses the Council and comments to say that he does not understand the reasoning for everyone to get the same pay and feels it should be based on years of experience in correlation of said title/position held. The City Manager responds that there have been some inequities built into the system and he is trying to correct those.

Mr. Glatfelter addresses the Council with a question relative to health insurance and asks if the Municipality is exempt from Obama Care. The City Manager responds that it is his understanding that the answer is “no”. However, he is to understand that the present insurance we have meets that criteria and comments to say that health care is expensive. He also informs that the City previously held the MMA Policy C and have gone over to Policy 200 which is a significant cost savings. In addition, he mentions that the City has two department heads that do not take the insurance and that is a cost savings also but cannot be dependent on this. Questions also were raised with regard to the employee's copay for insurance. It was explained that the employee *is* responsible for the difference given the type of plan they chose.

Dean Pike, a member from the audience and the Chair of the FY2015 Budget Committee, comments to say that what the City is looking at is a modest increase in taxes and anticipates that next year is going to worse. He continues to say that the City should begin the budget process earlier and begin review of all the other areas that need to be looked at and/or cut. He reminds that we must be adamant about weighing the City's refuge. We need to look into the hydrant rentals and do some research on this maybe consider other options. These things need to happen before things come to the Committee rather be scrounging looking for places to cut. He strongly emphasizes that we need to comprehensively look at the expenses of the City and that it cannot just happen in a Budget Committee meeting. It needs to start now for next year for it to really count. He feels that the Budget Committee should not be saddled with this responsibility. More public input is needed. Not only should Council appoint a Budget Committee earlier on, the City should be meeting on a regular basis and as frequent as possible to take a look at these areas. He feels strongly that we need a Planning Committee as our

problems are truly beyond the scope of the Budget Committee. Projection not only has to happen on a local level but on a State level with regard to State Revenue and the Schools. Council President, Mary Repole, responds that they are looking at a three-year projection and are in hopes to start the process in the Fall.

Mr. Glatfelter asks for clarification about the School Department and the number of principals for one hundred and eight students. Confirmation comes forth that there is a principal for the Elementary School and one for Shead High School and that there is an unpaid Assistant Principal. He raises a questions relative to School personnel being under contract in terms of raises. He also questions why the Superintendent received a substantial raise. Mr. Theriault responds to say that it was in lieu of his dropping his health insurance and it may also have something to do with retirement matters as well, but is not entirely certain of this. He continues further to say that his actual salary with benefits is no different than it was before. Mr. Glatfelter makes a point that people look at these budget numbers and then they come across an increase and begin to question each line item, and so they should. Council President comments to say that people make more money because they change jobs and when you stay in a job for a long time your raises don't always meet up with the going rate is and that a lot of issues are to be considered.

Council President asks about new numbers from the School Committee. The City Manager responds and speaks that it is his understanding that it is the desire of the School Committee to take another look at the budget and possibly consider another cut. Council President asks if we are able to approve a part of the budget with delaying another part.

Councilor Dana-Cummings addresses Council and is vocal in that she ***does not*** support this budget as is. She feels strongly that there are areas that we still need to look at for potential cuts. She comments to say that the overall numbers do look good but the line items where we did have savings it appears to be deceiving to her when she looks at the total numbers because she feels those should be savings and not be expending. She then discusses a letter that the City is not able to count the income for rent from Millenium Marine because it needs to go somewhere else and those numbers are still in the budget and accounted for and feels that this is not an accurate reflection. Other areas where we may have been over budget, such as the Mill by \$12,000 and that there was an electric bill of \$6,500 that the City Manager was going to look into this. With what was budgeted and with what it went over with the insurance, the City should be saving \$65,000. Another line item to be addressed is the Airport. We budgeted \$44,000 last year and this year is \$15,000 but they still have more money in their account that the City should be utilizing. They are making a profit off fuel now and they should be self sustaining. She further comments to say that there were 121 liens that went out this year. This is telling us that people cannot afford an increase. She is adamant that we need to decrease the budget. She comments to say that she is in agreement with Mr. Theriault in that she does not feel that someone who has fifteen years experience should be at the same pay level as someone with two years of experience.

The City Manager responds to say that the 121 liens that were sent out this year is actually less than it was last year.

Councilor Murphy comments with regard to making cuts on the Airport. He continues further to say that there is going to be work that needs to be done out there. If we continue to take money away from that, which could result in a situation where we are going to need to spend some serious money and we are not going to have it. He also responds to her statement about the money from rent at the mill income and that it is incorrect as it is income but that we are required to spend it on Public Work projects, etc. within the City. He explains that it is income. Councilor Dana-Cummings states that it cannot be counted in this budget. The City Manager responds to say that it cannot be counted to offset taxes but that it can be utilized for capital improvements or capital projects, which we anticipate to have. Jon McNerney asks for clarification from Councilor Murphy and asks if he is saying that the money from the Mill is going directly into the General Fund. Council President responds that it is required to be used for certain types of things which can offset the budget but it has to be used in specific ways approved by EDA and is part of the grant conditions. Councilor Dana-Cummings makes note of every other house in Eastport is up for sale and she continues to hear that the taxes are too high and she feels that this needs to be taken into consideration as they review the budget.

The Council President declared the hearing closed at 6:40 p.m. and asks for a motion to come out of the public hearing to continue forward with the meeting.

MOTION                      MURPHY                      SECOND                      ARCHER  
To approve coming out of the public hearing and to proceed forward with the meeting  
as outlined in the agenda.  
PASSED                      5-0

Council President suggests that they send the budget back to the School Committee for their review to look at other areas for a reduction. Councilor Dana-Cummings asks if we can ask for an amendment and asks for clarification that we are asking them to cut. Council President responds to say that they have come to us and said that there is an item that they would consider. Councilor Dana-Cummings asks if we could amend that portion of the budget and specify that we would give them what they had last year. Council President responded to say that it is not that clear that it is specific to that amount and feels strongly that it needs to go back to them and let them make that decision. Council President's recommendation is that Council recess and come back next week to make a final decision based on what they do. Councilor Archer addresses Richard Clark who is a member of the School Board Committee.

### **III. ACTION on PUBLIC HEARING**

Councilor Dana-Cummings expresses that she would like to the City go back to the drawing board also suggests a Council Workshop for the City.

Mr. Theriault informs Council that Mr. Underwood is going to be out of the office and it is critical that he be there for that meeting.

Jackie Davis from the audience addresses the Council in that Councilor Dana-Cummings is the only one who has made suggestions for areas to be considered to cut.

MOTION                      MURPHY                      SECOND                      ARCHER

To recess and continue with this item of the agenda which is to vote and give consideration to the City's FY2015 proposed Budget to be held on and tentatively scheduled for Tuesday, July 22<sup>nd</sup>, 2014 at 6:00 p.m. in the Library at Shead High School at which time the City should have figures from the School.

PASSED                      5-0

**IV.    SET INTEREST RATE for FY2015 TAXES**

Councilor Dana-Cummings raises concern and feels as though we are penalizing the taxpayers and considers 7% to be a lot. The Assessor responds and reflects back to the 121 liens that went out this year and comments to say that we have to take into consideration along with those liens that it is a system and people do utilize it. Some only pay what is required to keep the property from being foreclosed on. Some aren't able to pay until they receive their tax return and end up paying interest. It really is an incentive for them to pay it. The rate has been 7% for the last three to four years. The City Manager responds by sharing that his years of experience has shown that if you reduce the interest rate, they use the City as a bank. The Clerk confirms that it has remained at 7% for the last five years.

MOTION                      MURPHY                      SECOND                      ARCHER

To set the interest rate at 7% for the FY2015 taxes.

PASSED                      5-0

**V.    SET DATE for INTEREST to COMMENCE on NOV 3<sup>rd</sup>, 2014 for FY2015 TAXES**

MOTION                      ARCHER                      SECOND                      EMERY

To approve setting a date of *November 3<sup>rd</sup>, 2014* for the commencement of interest on the FY2015 taxes.

PASSED                      5-0

**VI.   APPROVE TAX COLLECTOR to ACCEPT FY2016 TAX PRE-PAYMENTS**

MOTION                      MURPHY                      SECOND                      EMERY

To authorize and approve the Tax Collector to accept tax pre-payments for FY2016 at 0% interest.

PASSED                      5-0

Jon McNerney addresses the Council President and asks if any calculations or computations have been done to see what the impact would be to give the taxpayers that pay early a deduction. Councilor Murphy responds to say that several years ago, they were set up on a payment plan and if they paid regularly they didn't have to pay interest as long as they kept

up on their payments. Mr. McNerney clarified that what he was asking about was an incentive for a discount, The City Manager comments to say that the City would have to add dollars to pay those discounts for those that do pay early and those that do not pay early get penalized because we have had to add to the budget. A member of the audience suggests that the City contact the Town of Perry and inquire as to how they do it because they do offer a discount. Questions are raised as to how the City would project an anticipated amount of what will be paid early.

## **VII. ADJOURN**

MOTION                      MURPHY                      SECOND      ARCHER  
To adjourn.  
PASSED      5-0      (TIME: 6:56 P.M.)